

A modern multi-story residential building with a dark grey roof and solar panels. The building features a mix of light green, tan, and grey siding. There are several balconies with glass railings. In the foreground, there is a paved area with a small solar panel array on a stand. The sky is blue with some clouds.

Commercial PACE and Resilience Financing in Washington



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About Greenworks

Greenworks Lending is the leading provider of Commercial Property Assessed Clean Energy (**C-PACE**) financing. Led by several of the industry's founding policy developers and standard-setters, the company was **founded in 2015** with the goal of bringing C-PACE financing to building owners and developers across the country. Greenworks has provided financing to hundreds of commercial properties and is active in over 20 states.

The company completed the industry's **first rated securitization** in September 2017 and completed a second securitization in December 2018.



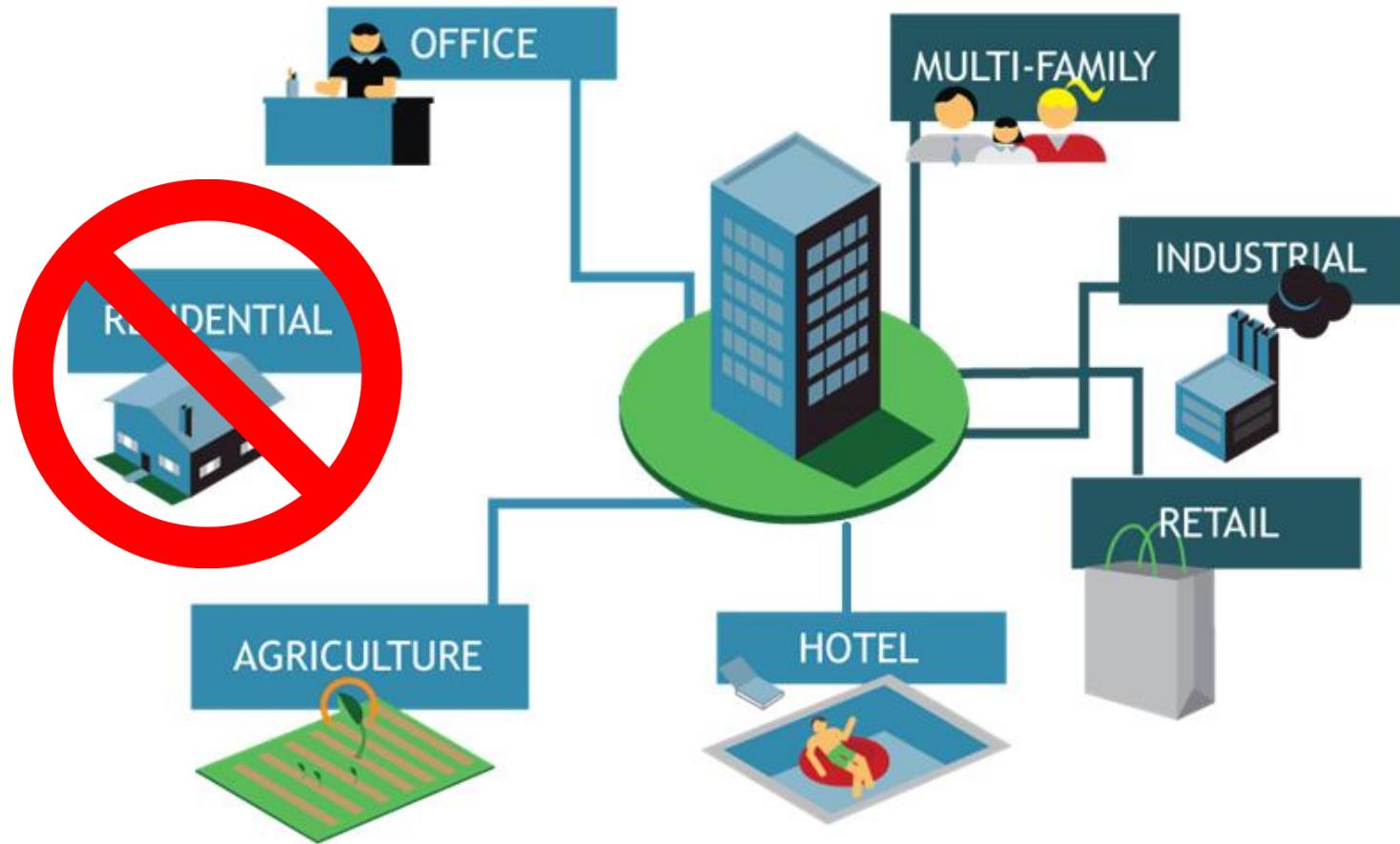
What is C-PACE? C-PACER?



- C-PACE is a tax-assessment based financing mechanism for energy efficiency, renewable energy, water conservation, and Resilience projects.
- C-PACE is active in 25 states and the District of Columbia
- Since 2005, C-PACE has been a financing tool for 2000+ projects, amounting to more than a billion dollars of investment

Who Can Use C-PACER

Most Properties, Even Non-Profits!



Shift Zero PACER Task Force

- WA interest since C-PACE was adopted in other states
- Shift Zero Task Force formed in 2017 to identify a path forward for C-PACE in Washington
- Success in 2020, with HB 2405!
- **Thank you to Rep. Duerr, Sen. Lovelett, Rep. Doglio, and all the bipartisan legislative supporters!**
- Broad and diverse support from stakeholders including environmental organizations, building owners and professionals, emergency managers and building officials, cities, community banks, and labor organizations



C-PACER 102

Property-based debt financing

- Energy and water efficiency
- Renewable energy
- Safe drinking water
- Fire, floor, seismic hardening

Acts like an assessment

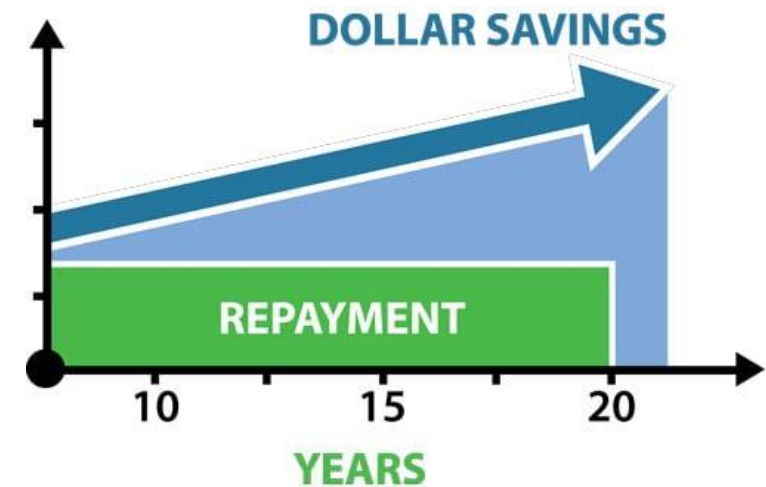
- Funding repaid over a long-time horizon
- Assessment Lien residents with the building, not the owner
- Non-accelerating - only past payments due at foreclosure

Can be designed be cash-flow position from Day 1

- Guaranteed by a voluntary tax assessment
- Low risk to lenders = good interest rates!
- Very secure financing - no examples of foreclosure

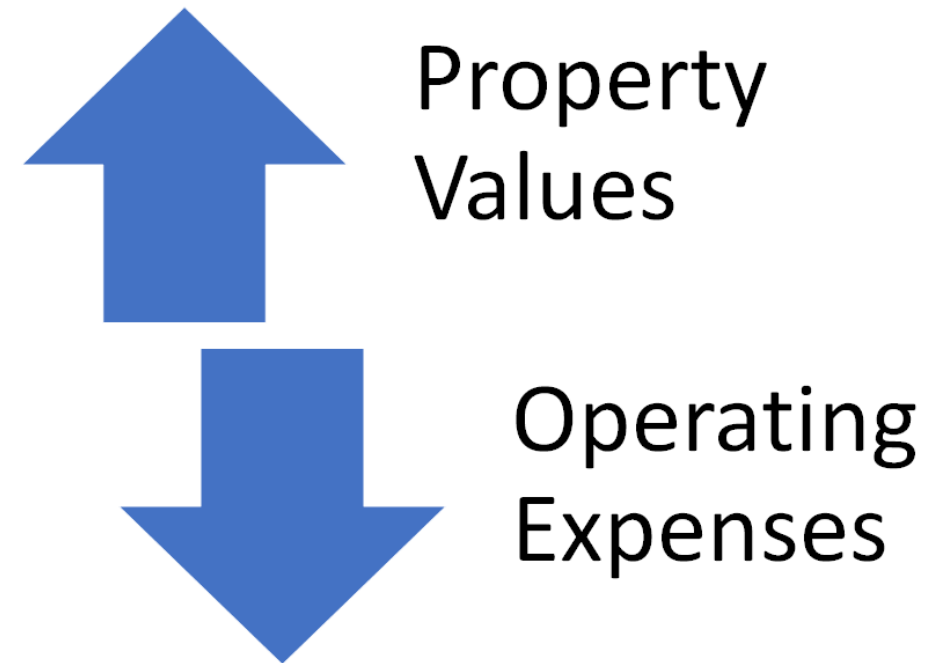
How it Works

1. Projects improvements identified
2. Project cost verified and improvements certified by a qualified professional
3. Property owner and C-PACE capital provider reach mutual terms for financing, including interest rate, term, etc.
4. Property owner receives lender consent from any other mortgage or obligation holders
5. Paperwork filed, County files assessment
6. Property uses a C-PACE capital provider to fund the improvements
7. C-PACER repayment collected by C-PACE capital provider



Benefits of C-PACER to Property Owners

- **100% Financing:** No out of pocket payment for improvements.
- **Cash-Flow Positive:** Energy savings > Payments, immediately improving net operating income (NOI)
- **Increases Property Values:** Increase in NOI = Increase in property value
- **Long Term Financing:** Amortization can be up to 30 years, based on weighted measure life of improvements
- **Enables Deep Retrofits:** Overcomes payback hurdles that have historically lead to harvesting only low-hanging fruit



Benefits of C-PACER to Property Owners

- **Overcomes Split Incentive:** Some some cases, debt service can flow through to tenants in some lease structures
- **Increases Marketability:** Projects may enhance building comfort and aesthetics, attracting tenants and buyers
- **Transferability:** Voluntary assessment is tied to the building, not traditional debt, and transfers with ownership
- **No Impact to Debt:Equity Ratio:** Doesn't impede owner's ability to borrow additional funds
- **Seismic and Fire Retrofits:** Distributes expense over long term



Clean Buildings Act (HB 1257) Compliance

- Passed in 2019
- Establishes energy efficiency targets for buildings
- Compliance begins in 2026
- Incentives for early compliance, penalties for non-compliance
- C-PACER facilitates compliance by operationalizing large capital investments that may be required to achieve the targets.



The DuPont Building

“PACE financing closes a significant gap in the market for funding energy efficiency projects for commercial properties. We have been working for years to bring PACE to Delaware and are so excited to finally make this new program a reality for The Buccini/Pollin Group and the historic DuPont Building. This project will create many local jobs and will significantly lower the property’s carbon footprint. It’s an exciting win/win for all parties involved.”

– Doug Edwards, Seiberlich Trane Energy Services

PROPERTY SUMMARY

The DuPont Building is a hallmark of downtown Wilmington, DE. Constructed in 1908, it was the longtime home to the DuPont Company until 2015. The building has been undergoing renovations which will modernize the building to convert it into a mixed-use facility consisting of a hotel, luxury apartments, a theatre, retail space, and office space.

OPPORTUNITY

C-PACE financing will be used to cover multiple energy efficiency measures including chiller plant replacement, boiler replacement, and cooling tower refurbishment. These upgrades will save the property owner an estimated \$14,217,721 over the lifespan of the equipment.



Energy Efficient Upgrade: Wilmington, DE

Building Type	Measures	Term	Financed Amount	Lifetime Savings	LTV
Mixed Use	Chiller & boiler replacement, cooling tower refurbishment	25 years	\$3.9M	\$14.2M	18.5%

The Plaza Hotel

“Greenworks’ C-PACE was able to work alongside the property’s historic tax credits and reduce our required equity. We are excited to see the landmark Plaza Hotel reopen its doors under a private hotel brand later this year.”

Sandra Mendez
CFO, Franklin Mountain Management, LLC

PROPERTY SUMMARY

The Plaza Hotel, a historic Art Deco styled 19-story hotel built in 1930 in downtown El Paso, will be undergoing a multi-million-dollar gut rehabilitation. The hotel has been out of service since the 1990s and will be brought back to life as the first 4.5-star luxury hotel in El Paso upon completion

OPPORTUNITY

C-PACE financing from Greenworks provided \$9M of the total project cost, working seamlessly with a complex capital stack and historic tax credits, to lower expenses and the total cost of capital.

Gut-renovation: El Paso, TX

Building Type	Measures	Term	Financed Amount	Total Project Cost	LTV
Hotel	Lighting, HVAC, Elevator Upgrades	20 years	\$9 M	\$77 M	21%

Sign Pro Manufacturing

“With the help of Greenworks Lending we were able to tie in our financing for the roof with the solar panels, therefore putting a new roof on the building. That along with the tax benefits, both short and long term, and the great financing rate made this a no brainer for us.”

Peter Rappoccio
President, Pro Realty, LLC

PROPERTY SUMMARY

An owner-occupied and operated 21,000 square foot building with 70 hour per week operations, the property had been recently acquired and required a new roof.

OPPORTUNITY

Need for roof replacement triggered owner to utilize C-PACE for multi-measure project that featured a 293KW solar array – large enough to meet the building’s demands – as well as automated building controls to increase efficiency.

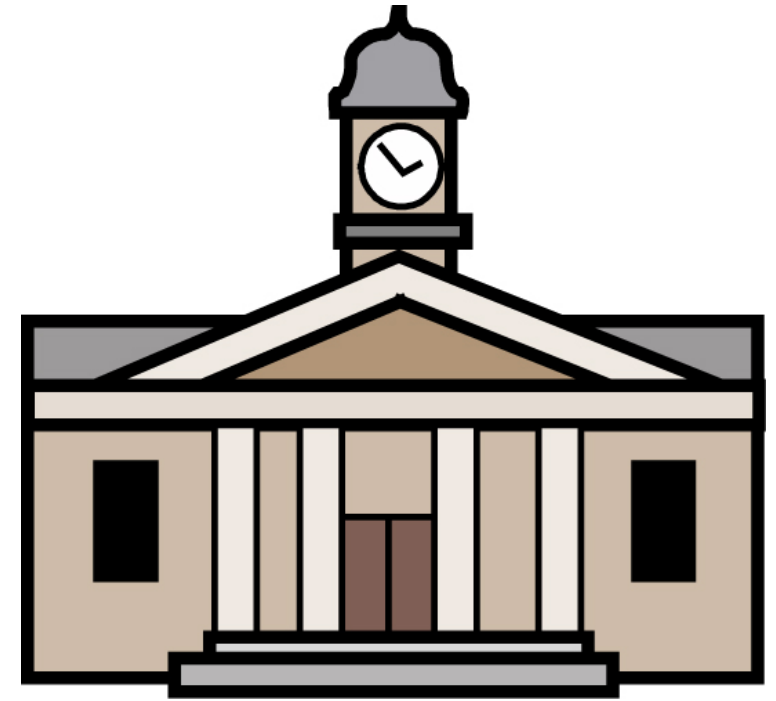


Renewables Retrofit: Brookfield, Connecticut

Building Type	Measures	Term	Financed Amount	Lifetime Savings	LTV
Light Industrial	Solar (293KW) with roof replacement	15 years	\$851K	\$1.3M 8.14 MWh	27%

WA C-PACER: Now it's up to Counties!

- Counties may create own programs or partner with other counties for a regional program
- Shift Zero has been working with local counsel and national experts to create model documents that can be easily adopted, including a model county ordinance, program guidebook, and template transaction forms
- Having the same framework in every county that creates a C-PACER program will make it easier for building owners, building professionals, and lending institutions to work across the state



County Adoption Steps



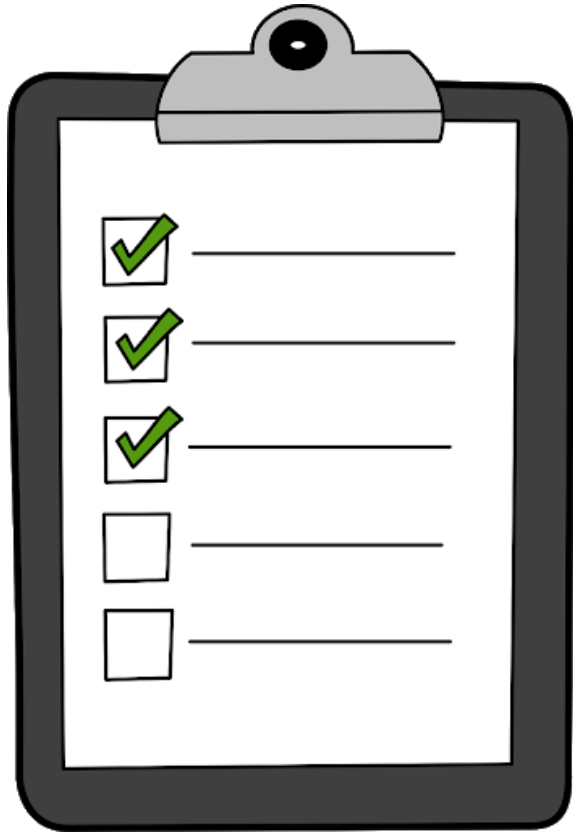
- Set up meeting to review model documents with legal counsel
- Identify program administrator to administer “checklist” (County office or third party)
- Propose county ordinance establishing C-PACER program
- Establish public comment period and hold public hearing for comments
- Adopt county ordinance

Role of county is limited - most work is with the building owner and capital provider

Overview of Model Program Documents

- Model **county ordinance** provides the legal framework for establishing the C-PACER programs
- **Program guidebook** is the complete document that describes what the C-PACER program is, including qualifying improvements, application and review process, qualifications for capital provider, lender consent requirements, etc.
- Template **closing documents** provide standard forms for establishing the transaction and placing the assessment on the property
- **Checklist** is for a program administrator to easily check that all forms have been completed with associated supporting documents

Project Application Process



- Property owner and capital provider prepare project application
- County administrator has 10 business days to review the project application for conformance
- Upon approval, counsel for capital provider drafts closing documents: Assessment agreement, notice of assessment interest and C-PACER lien, assignment of the notice of assessment and assessment agreement
- County records Assessment agreement and other closing documents
- Upon confirmation of recording, capital provider disburses funds in accordance with financing agreement

Resources

Shift Zero website (shiftzero.org/pace), which includes:

- Model program documents
- Overview of C-PACER Flyer
- FAQ
- Links to national C-PACE resources
- Soon: Recording of this webinar

Also available for County officials: a walk through of the model documents - contact pacер@shiftzero.org

What other resources would be helpful?



Thank You

Genevieve Rose Sherman
Head of New Markets and New Products, Greenworks Lending
M 917.968.0948
gsherman@greenworkslending.com greenworkslending.com